

Exhibit 2

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 1

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF OKLAHOMA

GWACS ARMORY, LLC,)	
)	
Plaintiff,)	
)	
vs.)	Case Number
)	20-cv-0341-CVE-SH
KE ARMS, LLC, RUSSELL PHAGAN,)	BASE FILE
SINISTRAL SHOOTING,)	
TECHNOLOGIES, LLC, BROWNELLS,)	Consolidated with:
INC., and SHAWN NEALON,)	Case No.
)	21-CV-0107-CVE-JFJ
Defendants.)	
)	
and)	
)	
KE ARMS, LLC,)	
)	
Plaintiff,)	
)	
vs.)	
)	
GWACS ARMORY, LLC, GWACS)	
DEFENSE INCORPORATED, JUD)	
GUDGEL, RUSSELL ANDERSON, DOES)	
I through X, and ROE)	
CORPORATIONS I through X,)	
)	
Defendants.)	

THE DEPOSITION OF RUSSELL WAYNE PHAGAN,
taken on the 26th day of October, 2021, between the hours
of 9:20 a.m. and 4:42 p.m., on behalf of the Plaintiff
GWACS, pursuant to Federal Rules of Civil Procedure, at
the law offices of Hall, Estill, Hardwick, Gable, Golden &
Nelson, 320 South Boston Avenue, Suite 200, Tulsa,
Oklahoma, before Linda Fisher, CSR-RPR, and Notary Public
in and for the State of Oklahoma.

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 52

1 have been some design beforehand. Okay.

2 (Whereupon, Deposition Exhibit 40 was marked for
3 identification purposes.)

4 Q. Let me hand you what I've marked as Exhibit 40.

5 MR. CALAWAY: Do I get a copy?

6 MR. WEGER: Yes.

7 MR. CALAWAY: Thanks.

8 Q. (By Mr. Weger) Can you identify this post,
9 sir?

10 A. Yes.

11 Q. Please do so. Who posted this?

12 A. I did.

13 Q. Okay. And it's posted in September of 2011; is
14 that right?

15 A. Yes.

16 Q. Okay. And talk to me about this. Is this the
17 first post you made about selling the items you had
18 purchased from Cavalry Arms?

19 A. Yes.

20 Q. Now, in the first sentence you say, "when
21 Cavalry Arms closed down last year, I took the opportunity
22 to purchase the CAV-15 mold and IP." Your term, right?

23 A. I am not a lawyer. Any references to me using
24 "IP" or "intellectual property" in this post are as a lay
25 person.

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 53

1 Q. I didn't ask that question, sir. I asked if
2 you used the term "IP."

3 A. Yes, I did.

4 Q. Okay. So you purchased IP from Cavalry Arms?

5 A. In this context, I'm referring to the prints
6 themselves.

7 Q. Whatever it might be, you're telling the public
8 that you purchased IP, correct, from Cavalry Arms?

9 A. Yes.

10 Q. Okay. In the second paragraph you say, "It
11 made no sense for me to move forward on this, so I've
12 decided to sell the mold and IP rights." Your words,
13 correct?

14 A. Yes.

15 Q. Third paragraph. "After a series of
16 false-starts with several prospective buyers, I have
17 decided to put the CAV-15 mold and Intellectual Property
18 Rights" -- spelled out -- "...up for sale publicly."

19 Did I read that right?

20 A. Yes.

21 Q. That's what you meant to tell people out in the
22 public because that's what was available for sale by you,
23 correct?

24 MR. CALAWAY: Object to the form of the
25 question.

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 135

1 anyone involved.

2 Q. (By Mr. Weger) Were you aware that Brownells
3 requested GWACS to license the molds to them for KE Arms
4 to produce the receiver?

5 MR. CALAWAY: Object to the form of the
6 question.

7 A. I am aware of that conversation. I believe
8 "license" is the incorrect phrase. A lease would be the
9 correct phrase for the use of the equipment. The interest
10 in it was that the equipment already existed and could
11 potentially be used.

12 MR. CALAWAY: Do you want to take a quick
13 break?

14 MR. WEGER: Sure.

15 (Whereupon, there was a recess taken.)

16 (Whereupon, Deposition Exhibit 58 was marked for
17 identification.)

18 Q. (By Mr. Weger) Ian McCollum and Karl, those
19 are your two friends, right?

20 A. Yes, that run InRange TV.

21 Q. That you shoot with and spend a lot of time
22 with, right?

23 A. Yes.

24 Q. And they're discussing here with Paul Levy at
25 Brownells the WWSD rifles. And they're asking for a

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 138

1 the end of its service life. That was posted in July of
2 2018 on their site.

3 Q. So did you have a discussion with Ian and Karl
4 about the information you knew about the problems with
5 their mold, GWACS' mold?

6 A. Not in specificity, other than they weren't
7 able to produce per their own revelation on their own
8 website.

9 Q. Well, what was your "very appealing idea" that
10 Ian is referencing here?

11 A. What we were talking about at that point is
12 trying to get GWACS to work with us and allow KE Arms to
13 rent the equipment or pay a per unit cost for the use of
14 the equipment to produce the receivers. And any of those
15 dimensional issues that were existing at that time with
16 the mold being worn, were things that KE Arms could have
17 addressed through the use of its own CNC equipment.

18 (Whereupon, Deposition Exhibit 59 was marked for
19 identification purposes.)

20 Q. (By Mr. Weger) Let me hand you Exhibit 59. I
21 asked you earlier if you were aware as to whether
22 Brownells had requested GWACS to license their mold to
23 have product produced. Have you seen this email before?

24 A. Yes.

25 Q. It does ask to license it, not lease, right?

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 139

1 A. I believe Paul Levy is using an improper term.
2 But yes, licensing would imply that they wanted to make a
3 new one based on the design of GWAC's mold. What they
4 wanted to do was use the actual equipment.

5 And the whole point to this effort was to produce
6 firearms in a timely manner. The development for a mold
7 of this scale is a minimum of six months. So licensing it
8 wouldn't be what they are talking about.

9 Q. Well, it's certainly what the president of
10 Brownells, or the director of project management of
11 Brownells is talking about, isn't it? Because he use
12 "licensing" several times in his email.

13 MR. CALAWAY: Object to the form of the
14 question.

15 A. Well, you --

16 Q. (By Mr. Weger) He seems to be arguing with
17 something he didn't write. Were you the partner, "We feel
18 we can work with our partners to clean up the part and
19 have it usable for this project in the short term"?

20 MR. CALAWAY: Object to the form of the
21 question. You can answer, if you --

22 A. Perhaps one of them. Have you talked with
23 Brownells about this whole idea that you just said was
24 your idea with Ian about -- about getting the molds and
25 producing them --

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 151

1 ahead.

2 MR. WEGER: You don't need to coach the
3 witness anymore. He's got a question pending.

4 MR. CALAWAY: And I was raising an
5 objection.

6 A. What's not clear to me is, like, which ones are
7 me and which one is Shel? Because it has "R," I guess
8 denoting that that's my text message. And then in bold in
9 the other text that's not bold is Shel responding. Is
10 that what I'm seeing?

11 Q. (By Mr. Weger) I believe so. Do you remember
12 this text message string?

13 A. I'm reading through it trying to refresh my
14 memory. The formatting is just kind of weird.

15 MR. CALAWAY: Is there a pending question?

16 A. He's asking if I recall or recognize these.

17 MR. WEGER: There is a question pending.

18 A. I recall some of these conversations, yes.

19 Q. (By Mr. Weger) Okay. You texted back and
20 forth with Shel quite often, didn't you?

21 A. We did during that time frame.

22 Q. Did you tell -- let's go back to Armory page
23 0200. I'm interested in the September 12th, 2018, 8:17
24 p.m.

25 Did you tell Shel, "Another point to mention to Jud

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 152

1 is Mike is interested in investing in the MKIII"?

2 A. It appears that I did.

3 Q. Let's go back to the first part of this. Did
4 you tell Shel that you "need to get Karl under NDA so you
5 can get his input too" and Shel responded, "Yes, please
6 send his email address"?

7 A. Where am I looking for that?

8 Q. Bottom of the page Armory-0196.

9 A. Yes. I did say that.

10 Q. So you thought it was important that Karl be
11 under an NDA so he could discuss this whole WWSD project,
12 right?

13 A. No, we --

14 MR. CALAWAY: Object to the form.

15 A. -- in this particular chain, we were talking
16 about Mark III receivers. And I knew that GWACS was
17 sensitive to releasing information to people without NDAs.
18 So I told him he should send one to Karl so they can get
19 Karl's input.

20 You know, what is really interesting in here is the
21 body of text on 198 where I text him a statement that they
22 ultimately posted to their website.

23 Q. (By Mr. Weger) Would you open your notebook to
24 Tab 31, please. Did you have any involvement with this
25 posting of this ad for KE Arms on their AR-15, KP-15?

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 153

1 A. This is on Brownells' website. It's their
2 product listing.

3 Q. My question was: Did you have any involvement
4 in preparing this advertising?

5 A. I sent them the text for this ad.

6 Q. Is that the CAV-15 Mark II in the picture or is
7 that the KE Arms KP-15 in the picture?

8 A. That is the CAV-15 Mark II labeled as the what
9 would Stoner Do Project 2017.

10 Q. I'm sorry, it's the what? Say it again.

11 A. It is a CAV-15 Mark II labeled as the what
12 would Stoner Do Project 2017.

13 Q. Let's go to Tab Number 32.

14 A. Yes.

15 Q. Is that picture in this ad the CAV-15 Mark II
16 or the KE Arms KP-15?

17 A. It's the KP-15 taken just before SHOT Show
18 2020.

19 Q. And the next Tab 33, are those rifles depicted
20 in that ad for KE Arms KP-15, are they CAV-15 Mark IIs, or
21 are they KE Arms KP-15?

22 MR. CALAWAY: Object to the form of the
23 question.

24 A. It's a picture of Karl and Ian as this is a
25 celebrity endorsed product with their rifles as part of

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 154

1 the 2017 project which are CAV-15 Mark IIs.

2 Q. (By Mr. Weger) But you're using that picture
3 to advertise the KE Arms KP-15, right?

4 A. I'm not using that picture. Brownells is,
5 because it's a celebrity endorsed product.

6 (Whereupon, Deposition Exhibit 64 was marked for
7 identification.)

8 Q. Let me hand you Exhibit 64, which is a document
9 produced by the defendants. What is this?

10 A. It appears to be a Brownells new product
11 submission form.

12 Q. Okay. So the reference is the GWACS CAV-15
13 Mark IV. It references the GWACS CAV-15 Mark III.
14 Correct?

15 A. This isn't a document that I produced.

16 Q. No, I'm just asking: Have you seen this
17 before?

18 A. I have not.

19 Q. Okay.

20 A. This appears to be something GWACS sent to
21 Brownells.

22 (Whereupon, Deposition Exhibit 65 was marked for
23 identification.)

24 Q. I hand you Exhibit 65. Here we are now in
25 August of 2019. And you and Mr. Levy are having

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 157

1 A. No. Their interest is solely in the tooling.

2 Q. And how much is the total budget for this
3 polymer receiver project that you reference in this email?

4 A. We had initial estimates of \$300,000. I
5 believe it ended up overrunning to 350-ish thousand
6 dollars for things related specifically to it. KE Arms
7 put in another \$600,000 in CNC equipment for secondary
8 operations on the KP-15 receivers. But those machines
9 could also be used for other purposes.

10 Q. So the 350,000, the 300 to 350, whatever the
11 number is, was for what? Developing a mold of the parts?
12 what? What went into that?

13 A. It was for development of the mold, production
14 of the mold, mold flow analysis, outside engineers, a
15 Branson linear vibration welder, fixtures specific to the
16 Branson linear vibration welder, and a development program
17 from Branson to aid us in our development of the KP-15.

18 Q. Who produced the mold for you?

19 A. Moldworx.

20 Q. Where are they out of?

21 A. Gilbert, Arizona.

22 Q. Did you provide them with either drawings or
23 CAD drawings of the mold you wanted them to make for you?

24 A. We sent them our renditions of what we wanted
25 the KP-15 to be. And there was a large amount of back and

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 158

1 forth with them because our design was designed as if it
2 was an aluminum part.

3 we did not have enough experience with our internal
4 design staff to make a plastic part design. So we went
5 back and forth with them several times about adding drafts
6 and radii and other features necessary for a plastic part
7 to be molded.

8 And we ended up contracting one of the engineers at
9 Moldworx to finish the KP-15 design, adding all the
10 features to make it moldable, while concurrently designing
11 the mold so that it was easier for him to update the part
12 design and the mold design at the same time.

13 Q. who is the engineer at MoldWorx that you
14 contracted with?

15 A. Rand --

16 MR. CALAWAY: Object to the form of the
17 question.

18 Q. (By Mr. Weger) Go ahead.

19 A. I'm trying to remember his last name. His
20 first name is Randy.

21 Q. You worked with this guy to engineer on this
22 project and you can't tell me his last name?

23 A. I don't recall off the top of my head.

24 Q. Okay. How much did you pay Moldworx for
25 Randy's time?

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 159

1 A. We paid Randy separately from Moldworx for much
2 of the design work. I believe it was around \$3500.

3 Q. So as I understand what you're trying to tell
4 me now is you sent Moldworx drawings or CAD drawings for
5 an aluminum lower and worked with them to develop it into
6 a plastics lower? Is that what you're saying?

7 A. Not --

8 MR. CALAWAY: Objection to the form of the
9 question.

10 A. Not exactly.

11 Q. (By Mr. Weger) Well, tell me what I -- what's
12 wrong.

13 A. KE Arms internal design staff, and Mike have
14 experience designing aluminum parts where you can do sharp
15 corners, sharp angles on different things. And part of
16 the design was morphing our billet flared magwell receiver
17 into having a pistol grip similar to the Aztec grips that
18 we sell, and incorporating the A1 length stock into the
19 design.

20 The features that we designed into it weren't made
21 to actually be released from a mold. For a part to be
22 released from the mold, it has to have a draft angle. If
23 it's a straight 90 degree, it can't release.

24 And there's radii and different concerns related to
25 release from mold as well, along with the flow of the

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 160

1 plastic going into the mold, and how it will interface
2 with these features. Those are things KE Arms' design
3 staff did not have experience with.

4 So the part design that we gave to Moldworx didn't
5 have all those required features in it. So they took our
6 hybrid morphed billet flared magwell design and then
7 adjusted all those subtle details to make the part
8 moldable, and be capable of being made out of plastic.

9 Q. Who was in the KEI design staff?

10 A. Mike Kenney. We've had a number of engineers
11 come and go. Mike Kenney and I primarily talked about
12 this project and implemented the design.

13 Q. Do you consider yourself a design engineer?

14 A. No.

15 Q. Is Mike Kenney an engineer?

16 A. Yes. He has an aerospace degree.

17 Q. Okay. And give me the names of anybody else
18 you remember that worked on the design staff of KE Arms.

19 A. Don't recall.

20 Q. All right. So you sent Moldworx to do the
21 mold. You bought a vibration welder. Is it new or used?

22 A. Brand new.

23 Q. How much did that cost?

24 A. Roughly \$180,000 including the fixtures and the
25 design package.

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 161

1 Q. Now, you mentioned a mold floor. What's that?

2 A. Mold flow analysis.

3 Q. Flow. Okay.

4 A. So we worked with, going back, we worked with
5 Branson from the start to design the part to make the part
6 moldable and weldable rather. There's an amount of
7 sacrificial material that has to be designed in between
8 the two halves to be capable of being welded together and
9 how to best execute that.

10 That thickness of material between the two halves
11 varies depending on the process used. And their experts
12 gave us that input, along with other manufacturing
13 techniques including weld location tabs that we machine
14 off in post-processing.

15 Q. Who is Branson?

16 A. Branson Ultrasonics is the vibration welder
17 company.

18 Q. Where are they located?

19 A. They have offices around the country, including
20 the Detroit metro area and New York.

21 Q. Where did you work out of? Which office did
22 you work with?

23 A. Both. They were in the process of
24 transitioning between facilities. And one in Connecticut.
25 Mold flow analysis is computer simulations that uses data

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 162

1 to analyze how the plastic flows into the mold, at what
2 temperature, hot spots that have problems cooling, where
3 glass fibers can bind up, a number of things like that.
4 It takes about 20 hours to 24 hours to run a simulation of
5 these different materials through.

6 Q. And how much did you spend on this mold flow
7 analysis?

8 A. I believe it was around \$2,000, \$3,000.

9 Q. Okay. So I've got 180 in the vibration welder.
10 I've got 3,500 in engineering with Randy, whoever he might
11 be. I've got Branson doing a flow analysis for two or
12 three thousand dollars. Where'd the other hundred
13 thousand dollars go?

14 A. \$160,000 into the mold itself.

15 Q. Okay. That's just the cost of the mold?

16 A. Mold, texturing, inserts. There's a few
17 different modular inserts we made for it to do different
18 grip textures to do different engraving for the front
19 serial number area.

20 (Whereupon, Deposition Exhibit 66 was marked for
21 identification.)

22 Q. I hand you Exhibit 66. This is an email you
23 sent to Paul Levy.

24 A. Okay.

25 Q. Is it accurate that you -- I assume when you

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 163

1 say "we," you're talking about KE Arms, right, the project
2 you just talked to me about?

3 "We are actively working on revising the CAV-15 MKII
4 design to modernize it and refine things from a
5 manufacturing perspective. We are currently 4-6 months
6 out on mold completion."

7 Did you write Paul Levy in August of 2019 and tell
8 him that?

9 A. Yes. So you don't dispute that you used the
10 CAV-15 MKII design to build your lower?

11 MR. CALAWAY: Objection to the form of the
12 question.

13 A. In this case, I believe I'm referring, in
14 summation, to the concept of a monolithic polymer
15 receiver.

16 Q. That's not what you said, is it, sir?

17 A. Well, at this time there was no need to
18 differentiate the two.

19 Q. Because you hadn't been caught yet, right?

20 A. It's not -- it's not about --

21 MR. CALAWAY: Object to the question.

22 A. It's not about being caught. It's about the
23 colloquial use of a term.

24 Q. (By Mr. Weger) How did you come up with the
25 pricing on Brownells, price to Brownells of \$1219.51?

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 164

1 A. I had to go through and get costs on all the
2 components we didn't make including barrels, bolt groups,
3 carbon fiber free flow tubes, and incorporate our own
4 costs into it, including our trigger, selector,
5 ambidextrous mag catch. We were planning on doing an
6 ambidextrous charging handle at the time. That is the
7 cost of the package.

8 Q. I guess I need to ask you just under oath: Did
9 you use the designs, the CAD drawings, and the CAD system
10 for the CAV-15 MKII design in any way, shape, or form in
11 creating your lower, the KP-15?

12 A. No.

13 (Whereupon, Plaintiffs' Exhibit 67 was marked for
14 identification.)

15 Q. I hand you Exhibit 67. What is this?

16 A. This appears to be my new product submission to
17 Brownells.

18 Q. And what do you call your product?

19 A. We called it the, simply, the Mark3.

20 Q. And did you fill out all the information that's
21 reflected on this document?

22 A. Yes.

23 Q. Did there come a time you stopped using the MK3
24 designation?

25 A. Yes.

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 165

1 Q. why?

2 A. We found that Ruger holds a trademark on the
3 term MK3 related to firearms.

4 Q. Ruger is a pistol maker, though, correct?

5 A. They make everything in the firearms world.
6 They make AR-15s, they make pistols, they make shotguns.

7 (Whereupon, Deposition Exhibit 68 was marked for
8 identification purposes.)

9 Q. I hand you Exhibit 68. Exhibit 68 are some
10 emails back and forth between you and Paul Levy and some
11 other people at Brownells about pricing, right?

12 A. Yes.

13 Q. Okay. What is it you finally priced the KP-15
14 at, please?

15 A. Stripped? Do you want me to use the exact
16 cents or just round?

17 Q. Just round.

18 A. Okay. So the stripped receiver is sold for
19 110. The mill spec receiver is sold for 200. The
20 receivers with our DMR match trigger, 300. And the
21 receivers with the SLT, the ambi selector, and ambi mag
22 catch for 450.

23 Q. Okay.

24 A. And it looks like we reference here that the
25 what would Stoner Do rifle final pricing was at \$1,700.

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 167

1 that made fuel shortages for a while.

2 Q. Oh, yes. Okay.

3 A. And it seemed --

4 Q. I know what you're talking about now. I was
5 still thinking of weapons. Sorry. I was like, what?

6 A. The firearms --

7 Q. I'm now with you.

8 A. The firearms industry is very reactive to
9 political and social circumstances.

10 Q. Uh-huh.

11 A. And in this case, it seemed like people were
12 more generally concerned about economic uncertainty. And
13 accordingly, firearm sales declined. Also pretty much
14 every company in the industry ramped up to maximum
15 capacity for over a year. And distributors finally
16 started having product and inventory again.

17 And just like the toilet paper crisis of last year,
18 once product is on the shelves, people stop buying as
19 actively because they think they can get it whenever they
20 want.

21 Q. Who came up with the MK3 designation for the KE
22 Arms KP-15?

23 A. We had a conversation about it with Mike and
24 that it was fortuitous that Mike's initials are Mike
25 Kenney. And this would have been the third type of

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 168

1 receiver that KE Arms produced.

2 We produced both forged and billet, as I mentioned
3 before. And this was the third derivative AR-15 type
4 receiver that we were going to be producing.

5 Are we okay to take a break?

6 MR. WEGER: Sure.

7 (Whereupon, there was a recess taken.)

8 (Whereupon, Deposition Exhibit 69 was marked for
9 identification.)

10 (Whereupon, Deposition Exhibit 70 was marked for
11 identification.)

12 Q. (By Mr. Weger) All right. Let's go back on
13 the record and go ahead and get started back. I've handed
14 you Exhibit 69, Mr. Phagan. Tell me about this exhibit
15 and the drawings.

16 A. It looks like an email I sent to Paul Levy and
17 Roy Hill at Brownells on October 9, 2019, with some
18 initial renderings of our KP-15 design.

19 Q. Who did these drawings that you've transmitted
20 here?

21 A. I don't recall specifically who.

22 Q. External or internal?

23 A. Internal, yeah, internal.

24 Q. Now, you say, "Not for distribution-MK3 Design
25 in Process." Why is it not for distribution?

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 192

1 Q. And has anything about the email that was sent
2 to both KE Arms and Brownells ceased or stopped your
3 production?

4 A. There was a period of time where we were
5 debating that we wanted to continue moving forward. But
6 the deposits had already been paid and they were
7 nonrefundable. It did delay our actual production of the
8 tooling.

9 Q. Why is that?

10 A. Because it was a question of do we want to keep
11 moving forward and paying on this project, or cancel the
12 whole thing and eat the cost.

13 Q. So how long did it delay your development? A
14 day? A week?

15 A. Probably weeks.

16 Q. Did you stop development? Is that your
17 testimony?

18 A. It slowed development.

19 (Whereupon, Deposition Exhibit 82 was marked for
20 identification.)

21 Q. Here's an email from you to Mr. Levy, Exhibit
22 82. We are now in October of 2020. Did you tell Mr. Levy
23 in October of 2020 that you were still doing weekly
24 updates?

25 A. Yeah. This is after we resumed. The period of

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 193

1 time where we stopped or slowed those updates was roughly
2 from April through July of 2020 when we were dealing with
3 GWACS original legal counsel.

4 And we were waiting because we were hoping to have
5 this issue resolved, you know, before moving into full
6 production.

7 Q. When was the SHOT Show in 2020?

8 A. January.

9 Q. And what was the -- you went to another show
10 that year, didn't you?

11 A. Not an actual trade show. I went to several
12 shooting competitions that were large events.

13 Q. Okay. Have you issued any or entered into any
14 variances to produce the KP-15 under anybody else's name?

15 A. Yes, for Wraith Works.

16 Q. What are you doing for them?

17 A. We're making receivers for them with their
18 engraving and texture pattern on the grip.

19 Q. And how many of those have you sold?

20 A. I would have to review our records to be exact
21 but I believe it's around 4,000.

22 Q. Is there anyone else you've entered into a
23 variance with to produce the KP-15?

24 A. No. No one has been interested with the
25 pending legal situation.

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 194

1 Q. who has told you they're not interested because
2 of the pending legal situation?

3 A. ArmaLite/SAC specifically. There's other
4 distributors that are not interested because of it.

5 If you don't mind, I need to go use the restroom
6 again.

7 MR. WEGER: Yeah, sure. We're almost done.
8 Actually, why don't we take a five-minute break.

9 MR. CALAWAY: Yeah.

10 (Whereupon, there was a recess taken.)

11 Q. (By Mr. Weger) Back on the record. Sir, if I
12 can refer you back to Exhibit 61, which is an email from
13 Paul Levy to Ian, Karl, and yourself of September 11th,
14 2018.

15 Go down to the third paragraph. It starts out, "Jud
16 did state..."

17 A. Yes.

18 Q. Okay. You with me?

19 A. Yes.

20 Q. Okay. "Jud did state that moving forward with
21 the MKII would be more expedient than MKIII or MKIV. He
22 did want me to pass along that the only difference between
23 the MKII and MKIII is the MKIII has a QD sling swivel
24 insert. What's a -- that's hard to say -- QD sling swivel
25 insert?

GWACS ARMORY, LLC v. KE ARMS, LLC, et. al.
RUSSELL PHAGAN October 26, 2021

Page 212

CERTIFICATE

STATE OF OKLAHOMA)
COUNTY OF TULSA) ss.

I, Linda Fisher, a Certified Shorthand Reporter, Registered Professional Reporter, and Notary Public in the State of Oklahoma, do hereby certify that on the 26th day of October, 2021, at the law offices of Hall, Estill, Hardwick, Gable, Golden & Nelson, 320 South Boston Avenue, Suite 200, Tulsa, Oklahoma, pursuant to Federal Rules of Civil Procedure, appeared the above witness, RUSSELL WAYNE PHAGAN, who was by me first duly sworn to testify the truth, the whole truth, and nothing but the truth in the case aforesaid, and that the deposition by him was reduced to writing by me in stenograph, and thereafter transcribed by me, and is fully and accurately set forth in the preceding pages.

I do further certify that I am not related to nor attorney for any of the said parties, nor otherwise interested in the event of said action.

WITNESS my hand and official seal this 5th day of November, 2021.


Linda Fisher, CSR-RPR #866